

NEAR EAST/AFRICA BRANCH  
OFFICE OF REPORTS AND ESTIMATES  
CENTRAL INTELLIGENCE AGENCY

WORKING PAPER

NOTICE: This document is a working paper, not an official CIA issuance. It has been co-ordinated within ORE, but not with the IAC Agencies. It represents current thinking by specialists in CIA, and is designed for use by others engaged in similar or overlapping studies. The opinions expressed herein may be revised before final and official publication. It is intended solely for the information of the addressee and not for further dissemination.

25X1A9a

Copy for:

DOCUMENT NO. 2  
NO CHANGE IN CLASS. ☐  
☒ DECLASSIFIED  
CLASS. CHANGED TO: TS S C  
NEXT REVIEW DATE: \_\_\_\_\_  
AUTH: HR 70-2  
DATE 15 Nov 79 REVIEWER: 000014

NEAR EAST/AFRICA BRANCH

~~SECRET~~  
Vol. IV No.27

INTELLIGENCE SUMMARY

For Week Ending  
13 July 1949

GREECE

Tito's demarche: Tito's 10 July announcement that the Yugoslav-Greek frontier will be closed apparently represents the long-awaited Yugoslav abandonment of the Greek guerrilla cause. Up to recently, despite the reorientation of the Greek guerrillas toward an increasingly anti-Tito Cominform, Yugoslavia has continued certain forms of aid to them, in the probable hope of husbanding both some sympathy among the guerrillas and a strong bargaining weapon for use in dealings with the West. The USSR's recent desertion of Tito on the Austrian treaty issue and Yugoslavia's increasing economic isolation from the satellites, however, have emphasized Tito's need for Western cooperation, while the 6 July guerrilla accusation that the Greek Army was using Yugoslav territory provided a suitable pretext for a Yugoslav declaration of neutrality. Tito promptly announced that the Greek frontier would gradually be closed to protect Yugoslavs from the Greek fighting, meanwhile denying the guerrilla charges and publicizing a new list of alleged Greek border provocations in order to avoid any appearance of friendliness toward the Greek Government. Even if Tito's statement represents a complete break with the guerrillas, it will probably have little immediate effect on Greece. While cessation of Yugoslav aid may have some psychological repercussions among the guerrillas, their present military capabilities are unlikely to be affected materially, since the current Greek offensive in the Kaimaktchalan area has already reduced the usefulness of the one remaining guerrilla base dependent on Yugoslav rather than Albanian or Bulgarian support. Furthermore, the 11,000 Greek children now held in Yugoslavia assure Tito of continued bargaining power vis-a-vis the Greek Government.

TURKEY

Opposition gains a point but remains suspicious: Although the Democrats' insistence on electoral reform has finally moved the government to undertake the drafting of a bill providing for the supervision of national elections by judges, the Democrats have some reason to suspect the government's good faith. Just before the National Assembly's recent adjournment, the government whipped through a new law strengthening the authority of the Turkish provincial governors (known as Valis). Inasmuch as the Valis are

~~SECRET~~  
2.

political appointees, depending for their continuance in office on the pleasure of the Minister of the Interior, the opposition may well wonder how effectively even the most unbiased judge can guarantee fair elections with everything in his area dominated by the local big shot, the Vali. Thus the Democrats, and particularly their wily leader, Celal Bayar, are not likely to swallow the sedative which the government is trying to administer; and Minister of Interior Erisirgil may be singled out among his colleagues for special attack by an opposition which has already demonstrated the virulence of its temper.

#### LEBANON

The Saadeh revolt: Last week's short-lived uprising in Lebanon, which terminated with the arrest and summary execution of its leader, Antun Saadeh on 6 July, is symptomatic of the explosive qualities now present in the Arab political fabric. The Lebanese Government has gained some strength through its prompt crushing of the revolt. Nevertheless, the virus of popular discontent is still at large because of such factors as governmental corruption, economic instability, and the Palestine issue. In time the government may have to cope with new groups seeking to emulate Zaim's successful revolt across the Syrian border.

#### IRAN

Headway on the Seven-Year plan: Noticable progress has now been made toward setting Iran's economic development program in motion. Instructions have been issued for the actual commencement of work on certain projects, including one for completion of the long promised Tehran-Meshed railroad. Meanwhile, the program's planning organization has been given the independent authority it needs to operate effectively, although the grant of authority, which was reportedly pushed through the Majlis at the insistence of the Shah, is good for only one year.

The program continues to face various administrative problems, however. During its first year the planning organization will have available only about one-third of the \$60 million originally slated for the period, in part because the organization is to be financially responsible for various development projects already included in the governmental budget and in part because the government has not fully implemented the law of last February assigning oil revenues to the plan. A serious conflict over the

~~SECRET~~

~~SECRET~~

financing of the plan has arisen between political leaders and the country's leading financier, A. H. Ebtehaj, Director of the Bank Melli. (Ebtehaj sees no necessity for immediate foreign loans but does favor a reduction in present Iranian note cover requirements to enable the Bank to issue the additional currency required by large-scale public works.) Moreover, there is a shortage of technical assistance. Responsible Iranians recognize their need for foreign technicians to solve their complex problems, some of which arise from their lack of understanding of basic economic financial factors, but balk at employing the Overseas Consultants Inc. again because of the extremely high fees demanded by OCI--an expense which political leaders feel cannot be justified in view of the plan's limited budget, and the probable adverse reaction by Iranians to such extravagance. Nevertheless, the Iranians prefer to acquire US experts to advise them and have asked for the assistance of the US Government in locating ten such men. They have also expressed an interest in the possibility of receiving technical assistance under the Point Four Program, a procedure which would have the advantage of relieving the plan of charges of paying high salaries to foreign advisers while the Persian standard of living was so low and would also serve to sustain Iranian enthusiasm for the plan.

While the present progress on the plan is encouraging, there is always the danger that Iranian lethargy, inexperience, or obstructionism will interfere with this pace and eventually cause the plan to lose momentum. Since living conditions throughout Iran are actually deteriorating, concrete economic and social improvements must be made or the government will be administering an increasingly hostile populace.

#### NOTED IN BRIEF

The union of two splinter Turkish opposition parties, the Nation Party and the Independent Democrats, is expected to take place soon. The two groups consist, in varying degree, of former members of the Democratic Party who considered the Democrats too tolerant of the alleged iron-handed methods of suppression used by the Peoples Republican Party (PRP). Although the combined groups will hardly be strong enough to supplant the Democratic Party as the main opposition, they will probably win some popular support away from both the PRP and the Democrats. More significantly, in their pre-election enthusiasm during the coming months, some of the more extreme elements may run afoul of the law and get themselves arrested. Such developments, although of no immediate international consequence, will not contribute to the maintenance of Turkey's cherished internal stability.

\*       \*       \*

~~SECRET~~

~~SECRET~~

4.

Non-Moslem minority groups in Turkey have been given the most kindly break in many a year by the government. In the past, churches, schools, hospitals, etc., connected with these groups were compelled to turn over to the Turkish Government for administration (and the deduction of a juicy tax) all their funds and property. The tax has now been abolished, and administration of the funds and property is to be placed in the hands of trustees elected by the groups concerned. Some of the Armenians in Turkey must be wondering if the millennium has arrived.

\*

\*

\*

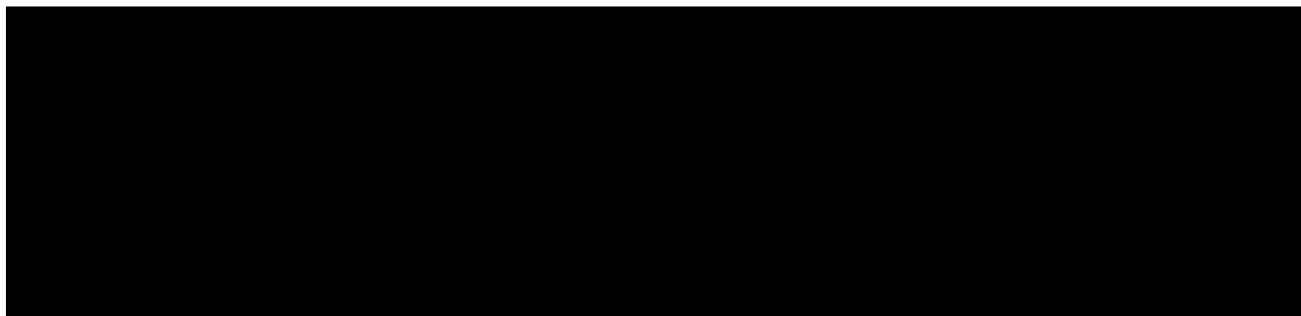
Israel's proposal that it be given the Egyptian-held Gaza strip, in exchange for its assumption of responsibility for the Arab refugees there, is unlikely to be put into effect. Egypt is openly hostile to the idea of giving up more territory to Israel. The UK, while quite willing to stimulate Egyptian efforts on behalf of the refugees, opposes cession of the strip to Israel regardless of the conditions. Although the US has expressed support for the proposal, it has undoubtedly dampened Israel's enthusiasm by stipulating that Israel should grant some territorial compensation to Egypt.

25X6A

\*

\*

\*



\*

\*

\*

The Soviets may be able to make capital of Iran's present acute wheat and sugar shortage. According to Prime Minister Saed, the USSR has, in an indirect approach, suggested selling to Iran 100,000 tons of wheat and 100,000 tons of sugar on a barter basis. Saed is dubious of Soviet intentions and is proceeding cautiously lest Iran fall prey to the sharp commercial practices of the Soviets. If, as expected, the Soviet terms prove unacceptable to Iran, Soviet propaganda will undoubtedly made excellent use of Iran's "refusal to be helped."

\*

\*

\*

~~SECRET~~

~~SECRET~~  
5.

Tension between Afghanistan and Pakistan has eased somewhat owing both to the acceptance by Afghanistan of the GOP proposal for a joint investigation of the Mughulgai bombing incident and to the arrival of Ramadan. Afghanistan's anti-Pakistan press campaign continues unabated, however, and relations between the two countries remain critical. The possibility of armed conflict as a result of further incidents cannot be ruled out.

\* \* \*

Little change has taken place in the Kashmir situation, with UNCIP still undecided (despite strong US urging) regarding the advisability of direct appeal by the Commission to India and Pakistan for the appointment of a truce arbitrator. It is generally agreed that the present stalemate is creating a highly critical situation with the certainty that if fighting breaks out again in Kashmir, open warfare between India and Pakistan will immediately follow. Somewhat disturbing is an intensification of Indian propaganda emphasizing the possibility of overt hostile action by Pakistan. This propaganda does not appear to be justified by the facts; it may, on the contrary, indicate preparation by India for aggressive action on its part.

~~SECRET~~